Minneapolis Office

2021 Market Insight Report

Minneapolis/St. Paul, collectively referred to as the Twin Cities, is the 16th largest MSA with approximately 3.6 million residents and home to 17 fortune 500 public companies' headquarters. The Twin Cities is also ranked highly for quality of life, labor force participation, health care, and workforce quality. The Minneapolis/St. Paul Office Market consists of over 129 million SF. As of February 2021, Minnesota's unemployment rate had improved to 4.3%, outperforming the US unemployment rate of 6.2%.

2021 Quarter 1

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Market Trends

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1.) While some companies are still planning their return to the office, others have opened their offices to allow employees a choice of working from home or the office, and still other companies have fully reopened, bringing their entire workforce back to the office. Though it will likely be at limited capacity, it is anticipated that most companies will begin to bring employees back in some fashion by Q4 2021.

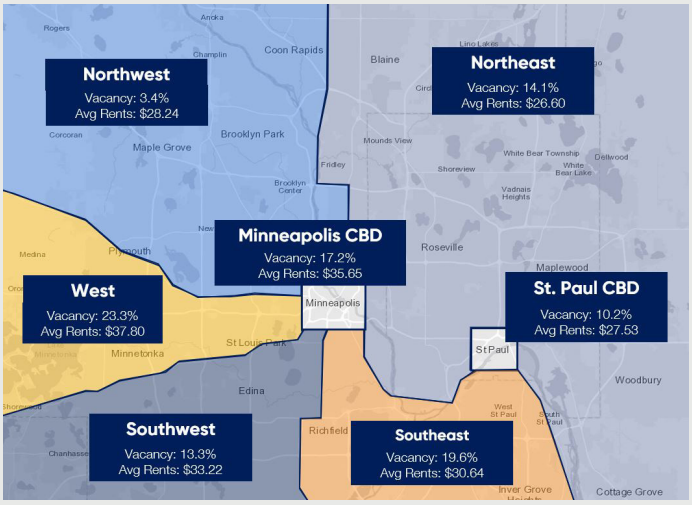
2.) Spec suites are continuing to rise in popularity as companies look for flexible and move in ready solutions for their businesses, while they continue to evaluate how they will utilize their office space post-pandemic.

3.) Construction costs and lead time have increased due to a global shortage of materials.

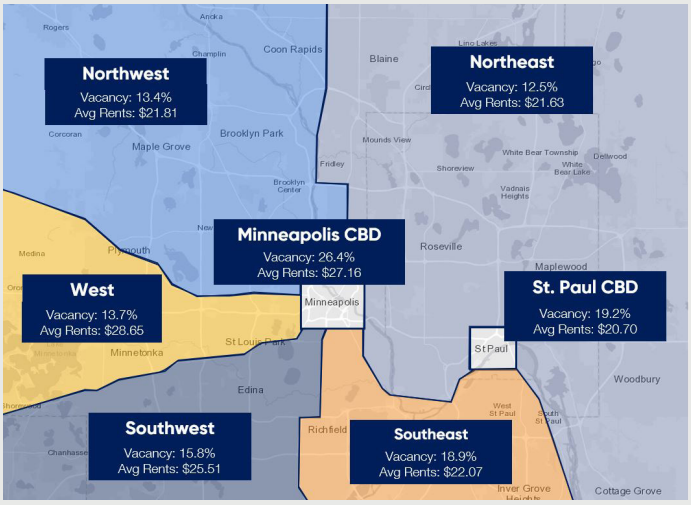
4.) Sublease availability has continued to increase as companies look for ways to offload underutilized space. Target became the largest sub landlord in the country when it vacated approximately 1 million square feet at 33 South 6th.

5.) Short term lease extensions continue to be the temporary solution of choice for many companies as they continue to evaluate their post-pandemic office needs.

Gross Rental and Vacancy Rates - Class A



Gross Rental and Vacancy Rates - Class B



Market Movement

Tenant	Building	Size	Submarket	Type
Ernst & Young	The Dayton's Project	30,000 SF	Minneapolis CBD	New Lease
MN DEED	180 5th Street E	153,300 SF	St. Paul CBD	New Lease
Northrop Gruman	Norman Pointe II	21,000 SF	Southwest Metro	New Lease
Bolton & Menk	4Front	18,000 SF	Northeast Metro	New Lease
Larson King	30 7th Street E	21,500 SF	St. Paul CBD	Lease Renewal

Investment Sales

Buyer	Building	Size	Submarket	Price
Larson Capital Management	Crest Ridge	121,000 SF	Southwest Metro	$16.2 Million
Benderson Development	Thrivent Corporate Office	365,000 SF	Minneapolis CBD	$130 Million
Red Door Enterprises	Interchange Office	142,000 SF	Northeast Metro	$11.7 Million
Undisclosed	Eagle Point Office Center	35,000 SF	Northeast Metro	$4.4 Million